

The House Committee on Rules offers the following substitute to SR 796:

A RESOLUTION

Proposing an amendment to the Constitution so as to provide for ad valorem tax reform; to provide for a short title; to authorize certain ad valorem tax exemptions for certain personal motor vehicles; to provide for certain local government assistance grants; to freeze the valuation of residential and nonresidential real property except for certain adjustments; to provide procedures for increasing or decreasing millage rates on taxes for educational purposes; to provide for ratification of certain exemptions and assessment freezes which were previously enacted; to provide for limitations on ad valorem tax revenues; to provide for applicability; to provide for the submission of this amendment for ratification or rejection; and for other purposes.

BE IT RESOLVED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

This resolution shall be known and may be cited as "The Property Tax Reform Amendment."

SECTION 2.

Article VII, Section I of the Constitution is amended by revising Paragraph III and by adding new Paragraphs to read as follows:

"Paragraph III. ~~Uniformity~~ Applicability of uniformity; exceptions; classification of property; assessment of agricultural land; conservation use; timber; utilities. (a) All taxes shall be levied and collected under general laws and for public purposes only. Except as otherwise provided in subparagraphs (b), (b.1), (c), (d), and (e) of this Paragraph and Paragraph IV of this section, all taxation shall be uniform upon the same class of subjects within the territorial limits of the authority levying the tax.

(b)(1) Except as otherwise provided in this ~~subparagraph (b)~~ Paragraph, classes of subjects for taxation of property shall consist of residential and nonresidential real property, other tangible property, and one or more classes of intangible personal property including money; provided, however, that any taxation of intangible personal property

1 may be repealed by general law without approval in a referendum effective for all taxable
2 years beginning on or after January 1, 1996.

3 (2) Subject to the conditions and limitations specified by law, each of the following
4 types of property may be classified as a separate class of property for ad valorem property
5 tax purposes and different rates, methods, and assessment dates may be provided for such
6 properties:

7 (A) Trailers.

8 (B) Mobile homes other than those mobile homes which qualify the owner of the
9 home for a homestead exemption from ad valorem taxation.

10 (C) Heavy-duty equipment motor vehicles owned by nonresidents and operated in
11 this state.

12 ~~(3)(b.1)(1)~~ Motor vehicles may be classified as a separate class of property for ad
13 valorem property tax purposes, and such class may be divided into separate subclasses
14 for ad valorem purposes.

15 (2) The General Assembly may provide by general law for the ad valorem taxation of
16 motor vehicles including, but not limited to, providing for different rates, methods, and
17 assessment dates, ~~and taxpayer liability~~ for such class and for each of its subclasses and
18 need not provide for uniformity of taxation with other classes of property or between or
19 within its subclasses.

20 (3) The General Assembly shall provide by general law for the exemption of all ad
21 valorem taxes otherwise due upon qualified motor vehicles. Such general law shall
22 provide an exemption in the amount of 50 percent of the assessed value of qualified
23 motor vehicles for the period beginning July 1, 2009, and ending on June 30, 2010, and
24 an exemption in the amount of the full assessed value of all qualified motor vehicles for
25 each 12 month period thereafter. Such general law shall define a qualified motor vehicle
26 as a motor vehicle titled in the name of an individual natural person and may include
27 further limitations and qualifications. Such general law providing such an exemption
28 shall provide for local government assistance grants to counties, municipalities, and
29 county and independent school districts to offset revenue loss subject to such limitations
30 as may be imposed by the General Assembly.

31 (4) The General Assembly may also determine what portion of any ad valorem tax on
32 motor vehicles shall be retained by the state.

33 (5) As used in this subparagraph, the term 'motor vehicles' means all vehicles which
34 are self-propelled and designed for use on roads and highways.

35 ~~(c) Tangible~~ Subject to the limitations of Paragraph IV of this section, tangible real
36 property, but no more than 2,000 acres of any single property owner, which is devoted to
37 bona fide agricultural purposes shall be assessed for ad valorem taxation purposes at 75

1 percent of the value which other tangible real property is assessed. No property shall be
2 entitled to receive the preferential assessment provided for in this subparagraph if the
3 property which would otherwise receive such assessment would result in any person who
4 has a beneficial interest in such property, including any interest in the nature of stock
5 ownership, receiving the benefit of such preferential assessment as to more than 2,000
6 acres. No property shall be entitled to receive the preferential assessment provided for in
7 this subparagraph unless the conditions set out below are met:

8 (1) The property must be owned by:

9 (A)(i) One or more natural or naturalized citizens;

10 (ii) An estate of which the devisee or heirs are one or more natural or naturalized
11 citizens; or

12 (iii) A trust of which the beneficiaries are one or more natural or naturalized
13 citizens; or

14 (B) A family-owned farm corporation, the controlling interest of which is owned by
15 individuals related to each other within the fourth degree of civil reckoning, or which
16 is owned by an estate of which the devisee or heirs are one or more natural or
17 naturalized citizens, or which is owned by a trust of which the beneficiaries are one or
18 more natural or naturalized citizens, and such corporation derived 80 percent or more
19 of its gross income from bona fide agricultural pursuits within this state within the year
20 immediately preceding the year in which eligibility is sought.

21 (2) The General Assembly shall provide by law:

22 (A) For a definition of the term 'bona fide agricultural purposes,' but such term shall
23 include timber production;

24 (B) For additional minimum conditions of eligibility which such properties must
25 meet in order to qualify for the preferential assessment provided for herein, including,
26 but not limited to, the requirement that the owner be required to enter into a covenant
27 with the appropriate taxing authorities to maintain the use of the properties in bona fide
28 agricultural purposes for a period of not less than ten years and for appropriate penalties
29 for the breach of any such covenant.

30 (3) In addition to the specific conditions set forth in this subparagraph (c), the General
31 Assembly may place further restrictions upon, but may not relax, the conditions of
32 eligibility for the preferential assessment provided for herein.

33 (d)(1) ~~The~~ Subject to the limitations of Paragraph IV of this section, the General
34 Assembly shall be authorized by general law to establish as a separate class of property
35 for ad valorem tax purposes any tangible real property which is listed in the National
36 Register of Historic Places or in a state historic register authorized by general law. For
37 such purposes, the General Assembly is authorized by general law to establish a program

1 by which certain properties within such class may be assessed for taxes at different rates
2 or valuations in order to encourage the preservation of such historic properties and to
3 assist in the revitalization of historic areas.

4 (2) The Subject to the limitations of Paragraph IV of this section, the General
5 Assembly shall be authorized by general law to establish as a separate class of property
6 for ad valorem tax purposes any tangible real property on which there have been releases
7 of hazardous waste, constituents, or substances into the environment. For such purposes,
8 the General Assembly is authorized by general law to establish a program by which
9 certain properties within such class may be assessed for taxes at different rates or
10 valuations in order to encourage the cleanup, reuse, and redevelopment of such properties
11 and to assist in the revitalization thereof by encouraging remedial action.

12 (e) The Subject to the limitations of Paragraph IV of this section, the General Assembly
13 shall provide by general law:

14 (1) For the definition and methods of assessment and taxation, such methods to include
15 a formula based on current use, annual productivity, and real property sales data, of: 'bona
16 fide conservation use property' to include bona fide agricultural and timber land not to
17 exceed 2,000 acres of a single owner; and 'bona fide residential transitional property,' to
18 include private single-family residential owner occupied property located in transitional
19 developing areas not to exceed five acres of any single owner. Such methods of
20 assessment and taxation shall be subject to the following conditions:

21 (A) A property owner desiring the benefit of such methods of assessment and
22 taxation shall be required to enter into a covenant to continue the property in bona fide
23 conservation use or bona fide residential transitional use; and

24 (B) A breach of such covenant within ten years shall result in a recapture of the tax
25 savings resulting from such methods of assessment and taxation and may result in other
26 appropriate penalties;

27 (2) That standing timber shall be assessed only once, and such assessment shall be
28 made following its harvest or sale and on the basis of its fair market value at the time of
29 harvest or sale. Said assessment shall be two and one-half times the assessed percentage
30 of value fixed by law for other real property taxed under the uniformity provisions of
31 subparagraph (a) of this Paragraph but in no event greater than its fair market value; and
32 for a method of temporary supplementation of the property tax digest of any county if the
33 implementation of this method of taxing timber reduces the tax digest by more than 20
34 percent, such supplemental assessed value to be assigned to the properties otherwise
35 benefiting from such method of taxing timber.

36 (f) The Subject to the limitations of Paragraph IV of this section, the General Assembly
37 may provide for a different method and time of returns, assessments, payment, and

1 collection of ad valorem taxes of public utilities, but not on a greater assessed percentage
2 of value or at a higher rate of taxation than other properties, except that property provided
3 for in subparagraph (c), (d), or (e) of this Paragraph.

4 Paragraph IV. *Limitations on assessed value increases for real property.* (a)(1) Except
5 as otherwise provided in this Paragraph, the assessed value of residential real property
6 and nonresidential real property for all ad valorem tax purposes shall not be increased
7 from the valuation established for 2008, or, upon its sale or transfer, shall not be
8 increased from its fair market value established under subparagraph (a)(2) of this
9 Paragraph. Additions or improvements to such residential real property and
10 nonresidential real property placed in service after December 31, 2007, shall be appraised
11 for ad valorem tax purposes at their fair market value and shall be added to the owner's
12 valuation amount under this subparagraph.

13 (2) If such residential real property or nonresidential real property is sold or transferred
14 to another person, such residential real property or nonresidential real property shall be
15 appraised for ad valorem tax purposes at fair market value.

16 (3) The valuation amount under this subparagraph for any individual parcel of
17 residential real property may be increased during a taxable year by an amount not to
18 exceed a 2 percent increase in the preceding taxable year's value. The valuation amount
19 under this subparagraph for any individual parcel of nonresidential real property may be
20 increased during a taxable year by an amount not to exceed a 3 percent increase in the
21 preceding taxable year's value. The percentage limitations of this provision shall not be
22 construed to prohibit the mass appraisal of real property in a county.

23 (b) The General Assembly shall be authorized by general law to further define and
24 implement the provisions of this Paragraph including, but specifically not limited to,
25 definitions of residential real property and nonresidential real property.

26 (c) Any local or general law providing for base year assessed value homestead
27 exemptions that freeze the assessment of property with respect to any or all ad valorem
28 taxes enacted prior to January 1, 2009, shall be ratified expressly; provided, however, that
29 such ratification shall not be interpreted to imply that such laws were invalid at the time
30 they became law. The provisions of this Paragraph shall apply to any homestead's ad
31 valorem taxes which are the subject of any such general or local law exemption.

32 (d) This Paragraph shall not apply to real property in any county or consolidated
33 government for which a local constitutional amendment has been continued in force and
34 effect as part of this Constitution which freezes ad valorem property taxes with respect to
35 such real property unless such local constitutional amendment is repealed. The repeal of
36 such local constitutional amendment under this subparagraph shall be accomplished by
37 local Act of the General Assembly, the effectiveness of which shall not be conditioned on

approval by a majority of the qualified voters voting thereon in the county or consolidated government.

Paragraph V. *Ad valorem tax revenue cap.* (a) As used in this Paragraph, the term 'cap rate' means the percentage change in the price index for gross output of state and local government from the prior taxable year to the current taxable year as defined by the National Income and Product Accounts and determined by the United States Bureau of Economic Analysis and indicated by the Price Index for Government Consumption Expenditures and General Government Gross Output (Table 3.10.4).

(b) On or after January 1, 2009, the amount of property tax revenue collected in each local taxing jurisdiction during a taxable year not attributable to new construction shall not exceed the amount collected in the immediately preceding taxable year plus the cap rate; provided, however, that in the event a municipality has no ad valorem tax, or if a new municipality is incorporated, then the limitation under this subparagraph shall not apply until after ad valorem taxes have been levied for one year by such municipality.

(c) Property tax revenues not attributable to new construction may be collected in a local taxing jurisdiction at a specified rate in excess of such cap rate upon the adoption of an ordinance or resolution of the governing body of such local taxing jurisdiction conditioned on approval by a majority vote of the qualified electors residing within the limits of the local taxing jurisdiction voting in a referendum thereon. Any such referendum shall be conducted in odd-numbered years on the third Tuesday in June and in even-numbered years on the date of the general primary. The ballot submitting the proposed increase shall have written or printed thereon the following:

'() YES Shall property taxes be increased in (Name of local taxing jurisdiction)

() NO by _____ percent?'"

SECTION 3.

Article VIII, Section VI of the Constitution is amended by revising Paragraph II as follows:

*"Paragraph II. **Increasing or removing decreasing tax rate.** The mill limitation in effect on June 30, 1983, for any school system may be increased ~~or removed by action of the~~ or decreased but only after such action has been approved by a local Act of the General Assembly conditioned on approval by a majority of the qualified voters voting thereon in the particular school system to be affected ~~in the manner~~ provided by law."*

SECTION 4.

The above proposed amendment to the Constitution shall be published and submitted as provided in Article X, Section I, Paragraph II of the Constitution. The ballot submitting the above proposed amendment shall have written or printed thereon the following:

"() YES Shall Georgia's property tax system be comprehensively reformed by eliminating all property taxes on personal motor vehicles, freezing the tax assessed value of all real property and limiting any property tax increase by local governments as set forth in The Property Tax Reform Amendment through an amendment to the Constitution of the State of Georgia?"

All persons desiring to vote in favor of ratifying the proposed amendment shall vote "Yes."

All persons desiring to vote against ratifying the proposed amendment shall vote "No." If such amendment shall be ratified as provided in said Paragraph of the Constitution, it shall become a part of the Constitution of this state.